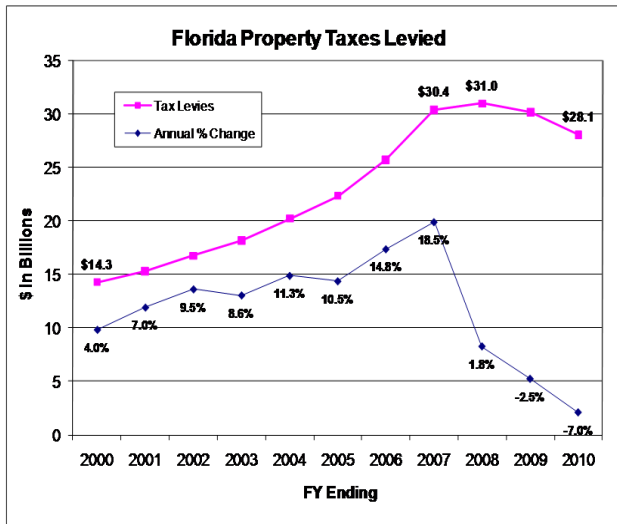


## PROPERTY TAXES

- Property taxes are by far the single most important local government tax source
- The Florida Constitution reserves property taxes for local governments
- Changes in property tax structure usually require amendment of the Florida Constitution



## Possible New Constitutional Provisions

Voters may be deciding on Constitutional changes in November.

- ♦ New Homesteader Exemption—5 –year exemption for new homesteaders in Florida.
- ♦ Non-Homestead Property Assessment Cap Reduction—Reduce from 10% to 5% the maximum allowed annual increase in assessed value for most non-homestead property.

## POLICY ISSUES

### Save Our Homes: Recapture

Should assessed values of homestead properties be allowed to increase when market value is flat or falling, thereby recapturing previously accumulated Save Our Homes benefits?

### Property Tax Implementation Legislation

Working Waterfronts—Statutory provisions are needed to implement a 2008 constitutional amendment that allows certain waterfront property to be valued based on current use, instead of market value, which may be higher.

### Economic Development

Are there fiscally feasible tax changes that can encourage investment and job creation in Florida, such as:

- Research and Development Tax Credits
- Reduce or Eliminate the Corporate Income Tax
- Enterprise Zones
- Unemployment Compensation Tax

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# Florida House of Representatives

## FINANCE AND TAX



Fall 2010

# FINANCE AND TAX

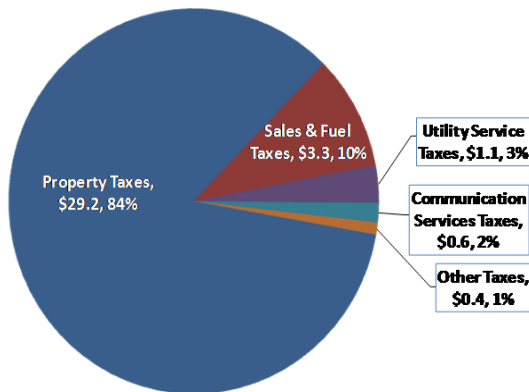
## LOCAL GOVERNMENT TAXES

- Legislative approval required for most authority and structure
- Dominated by property tax, which is constitutionally reserved for locals
- Considerable variation in use of different revenues among different government types

### Local Government Revenues

	FY 2006-07	
	Receipts (Billions of \$)	Percent of Total
Taxes	34.6	39.2%
Charges for Services	20.8	23.5%
Intergovernmental Revenue	22.4	25.4%
Licenses & Permits	3.9	4.4%
Fines and Forfeitures	0.4	0.4%
Miscellaneous	6.3	7.1%
Total	88.3	

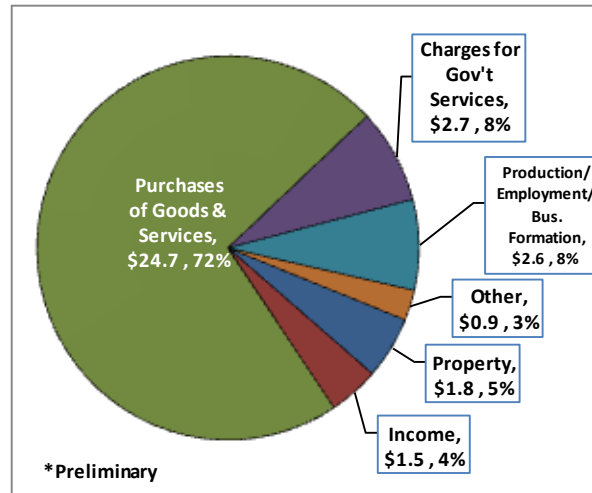
**Local Government Taxes:  
\$34.6 Billion, FY 2006-07**



## State Government Revenues

	FY 2009-10	
	Receipts (Billion of \$)	Percent of Total
Taxes, Licenses and Fees*	34.2	52.7%
Federal, County & Other Grants	25.6	39.5%
Lottery Ticket Sales	3.9	6.0%
Investment Earnings	0.3	0.5%
Fines, Forfeitures, Judgments	0.7	1.0%
Other	0.2	0.3%
TOTAL	64.9	
*Net of General Revenue Fund Refunds		

**Florida's Taxes and Fees:  
\$34.2 Billion, FY 2009-10\***



### Florida's Tax System

- Complex and Dynamic
- Dominated by Taxes on Purchases of Goods and Services
- Compared to Other States:
  - Unique— No personal income tax
  - Relatively low overall burden

## REVENUES AND THE BUDGET

**Will the revenue system generate enough funding for the budget?**

- The state fiscal year runs from July 1 through June 30. Normally, the budget for the upcoming fiscal year is enacted during each regular legislative session.
- A crucial component in developing the budget is the revenue estimating process.

## REVENUE ESTIMATING

The revenues used to build the budget are agreed to by the House of Representatives, the Senate and the Governor's Office through the consensus estimating process.

- The consensus estimating conferences are a formal process established in statute to develop "official" information for the state planning and budgeting system.
- Forecasts of most major revenue sources and some of the most significant expenditure drivers are produced through this process.
- Consensus is reached only by unanimous consent of the four voting principals. The principals consist of professional staff from the House of Representatives, the Senate, the Governor's Office, and the legislative Office of Economic and Demographic Research.

- The estimating conferences also evaluate the impacts of proposed legislation. These impact estimates become part of the budget calculations.

Pursuant to legislation passed in 2010, the estimating conferences will be developing a process for "dynamic scoring" of impact estimates. This will be a more in-depth process whereby a greater range of economic feedbacks are factored into impact estimates.